Issue of convertible debentures by Companies

*133. SHRI RAOOF VALIULLAH: Will the Minister of FINANCE be pleased to state:

(a) whether Government have decided to allow Indian Companies to raise finance abroad through the issue of convertible debentures; if so, whether it is prudent to attract equity through shares denominated in hard currency;

(b) whether in due course Government will enlarge the scope of NRI operations who are the target of such issues; if so, with what consequences;

(c) whether Government will also consider the likelihood of Indian industralists being dislodged from their controlling positions by the entry of international private capital and what has been the experience so far in this regard; and

(d) whether Government have considered the resultant commitment to remit dividend abroad and in view of this, whether it will be an attractive proposition to invite foreign equity?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) No, Sir, no such approval has so far been given.

(b) to (d) Question does not arise.

Indirect Tax Levied on Biscuits

*134. SHRI VIRENDRA VERMA:

SHRI MOHINDER SINGH LATHER:

Will the Minister of FINANCE be pleased to state:

(a) what is the percentage of indirect tax levied cumulatively on ex-factory prices of biscuits produced in the country and what is the rationale in levying such tax;

(b) what is its likely impact on the overall biscuit production in the country, particulraly on the small-scale manufacturers and also on the consumers in the rural household; and;

(c) whether Government propose to reconsider their decision in this degard?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) Excise duty is levied on biscuits at the rate of 10.5 per cent *ad valorem*. Such excise duties are levied on a number of other food items also. The incidence of other indirect taxes like Sales-tax, Octroi, etc. varies from place to place.

(b) Small scale units manufacturing biscuits enjoy full exemption from excise duty for clearance upto a value of Rs. 15 lakhs in a year. For the next clearances of Rs. 60 lakhs they pay duty only at the rate of 5.25 per cent. Further, MODVAT credit of basic and special excise duties paid on raw materials including packing materials is adjusted against payment of duty on biscuits. The lower incidence of duty makes the products of small units more competitive as compared to the products of bigger units. In the circumstances, excise levy cannot be considered to be inhibiting the growth in production of biscuits, especially the production in the small scale sector, or causing undue burden on the consumers.

(c) There is no proposal at present to reduce the excise duty on biscuits.